FARM BUSINESS MANAGEMENT

INFORMATION UPDATE

Manitoba Agriculture
Farm Management

Date November, 1985

GUIDELINES FOR ESTIMATING

HOG PRODUCTION COSTS

BASED ON

FINISHING 2400 MARKET HOGS

This guide is designed to provide planning information and a format for calculating costs of production on a hog enterprise. The production costs included in this budget are not intended as a cost study of the hog industry in Manitoba.

The guideline can be useful for comparison purposes. Comparison of costs can be made with other farms; the farm over time; or comparing the plan at the beginning of the production period with the end.

The assumptions on which costs were calculated are clearly defined in the supporting pages. They were developed by using a combination of recommended practices and methods followed by a select group of producers. When interpreting these costs for an individual situation, adjustments may be required. Each assumption must be examined and adjustments made when necessary.

WEANLING - FINISH

2400 FEEDERS

A. OPERATING COSTS	PER HOG MARKETED	YOUR ESTIMATE
Feed Costs:		
Starter Ration	$ 6.80	$_____
Grower Ration	11.42	_____
Finishing Ration	24.43	_____
TOTAL FEED COST	$ 42.65	$_____
Vet., Medicine & Supplies	$ 0.84	$_____
Maintenance & Repairs	1.46	_____
Utilities	3.13	_____
Insurance	0.92	_____
Weanling Costs*	38.00	_____
Marketing & Transportation	4.92	_____
Death Loss	1.15	_____
Miscellaneous	1.50	_____
Operating Interest	1.90	_____
TOTAL OPERATING COSTS	$96.47	$_____
B. FIXED COSTS		
Depreciation		
Buildings	$ 1.51	$_____
Equipment	2.16	_____
Investment Cost		
Buildings & Equipment	$ 2.22	$_____
TOTAL FIXED COSTS	$ 5.89	$_____
C. LABOR		
0.80 hrs/hog @ $9.50/hr	$ 7.60	$_____
TOTAL COST	$109.96	$_____
DRESSED WEIGHT COST**	$ 64.69	$_____

* Weanling Cost - assumed 1.6 x Marketprice ($68.00) x weight (35lbs.)

** Based on 170 lb dressed carcass.

WEANLING - FINISH

FEEDER ENTERPRISE

STARTER RATION - 16.0%	kg	lbs.	Cost
16 to 25 kg Conversion Ratio 3.0	27	59	$ 6.80
GROWER RATION - 16%			
25 to 50 kg Conversion Ratio 3.5	88	194	$11.42
FINISHING RATION - 14%			
50 to 100 kg Conversion Ratio 4.0	200	440	$24.43

FEED RATIONS & COSTS

STARTER RATION - COMMERCIALLY Prepared $6.30/25 kg

GROWER RATION - 16.0%	kg	Cost
Barley (11.4%)	825	$ 80.03
Soybean Meal 44%	150	37.50
Vitamin-Mineral Pre-Mix	25	12.25
	1000	$129.78/tonne

FINISHING RATION - 14.4%		
Barley (11.4%)	875	$ 84.88
Soybean Meal 44%	100	25.00
Vitamin-Mineral Pre-Mix	25	12.25
	1000	$122.13/tonne

WEANLING - FINISH

FEED COSTS

(November 1985)

GRAIN	COST
Barley	$ 97.00/tonne
COMPLETE FEEDS	
Starter 16%	$ 6.30/25 kg
HOME PREPARED RATIONS	
Grower Ration	$129.78/tonne
Finishing Ration	$122.13/tonne
SUPPLEMENTS	
Soybean Meal 44%	$250.00/tonne
Vitamin-Mineral Pre-Mix	$ 12.25/25 kg

WEANLING - FINISH

OPERATING COSTS

Vet., Medicine & Supplies

Drugs - deworming ($0.30))
- others ($0.20)) $0.50 per market hog

Veterinary Services & Supplies $800.00

Maintenance & Repairs

Costs for maintenance and repairs were estimated from producer records. ($3500.00)

Utilities

Utility costs were arrived at by a consensus among a select group of producers. It was estimated at $7500.00 per year for this size operation.

Insurance

$0.80/$100 coverage for buildings & equipment	$0.40
$0.45/$100 coverage for feeders (assumed $68/cwt)	0.52
	$0.92/hog

Marketing & Transportation

- M.H.P.M.B. levy 1% (assumed $68/cwt).	$1.16
- $1.50/cwt 90 miles; commercial transport.	3.30
- transit insurance $0.40/$100 for PSV transfer.	0.46
	$4.92/hog

Death Loss

Death loss was assumed to be 2.5% of 1/2 of the operating costs.

WEANLING - FINISH

OPERATING COSTS (Cont.)

Operating Interest

Applied to 1/2 of the operating costs with interest rate of 12% for 4 months.

Depreciation

20 year straight line on buildings.
7 year straight line on equipment.
Salvage Value = 10% of Original Cost.

Building Depreciation

$$\frac{\$80,760 - \$8,076}{20} = \$3,634.20$$

$$\$3,634.20 \div 2400 = \$1.51/\text{hog}$$

Investment

An average investment of 1/2 the capital costs at a rate of 8% was used for buildings and equipment.

Building & Equipment Investment Cost

$$\frac{\$121,140 + \$12,114}{2} \times 0.08 = \$5,330.16$$

$$\$5,330.16 \div 2400 = \$2.22/\text{hog}$$

Labor

Labor requirements used were obtained from research data. Labor hours vary with the amount of mechanization. This budget assumes the following:

0.80 hours of labor are required in a finishing operation. per market hog. Hourly labor rate used was $9.50.

WEANLING - FINISH

CAPITAL COSTS

(Capacity 2400 Feeders)

1)	BUILDING (6730 sq. ft.)	
	- all pens - slatted floors - frame construction	$ 80,760
2)	EQUIPMENT	
	- all ventilation - drop feeding - feed augers - loading chutes - storage facilities - mix mill	$ 40,380
	TOTAL BUILDING AND EQUIPMENT	$121,140

Investment per feeder = $50.00

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